

LETTER OF INTENT
Montana Microgroove Associates to the City of College Station
March 1, 2000

It is the intent of Montana Microgroove Associates, (hereinafter referred to as the "Buyer") a Texas general partnership consisting of James H. Hughes, 1020 Francis Dr. College Station, Texas, and Robert D. Martell, 4 Charlyn Dr., Asheville, North Carolina, to purchase from the City of College Station two tracts of raw land totaling 3.825 acres and described as Lots 2 and 3, Block 4, Anderson Ridge Subdivision, Phase Four in the City of College Station, Brazos County, Texas (hereinafter referred to as the "Property"). Buyer will exchange an approximate 1.8071 acre tract (hereinafter referred to as the Exchange Property) and which has an appraised value of \$452,624, more fully described below, to be utilized by the City to construct a new water tower. An MAI appraisal valuing the Exchange Property at \$5.75 per square foot is enclosed. Additionally, Buyer will pay cash in the amount of \$747,376 to the city bringing the total compensation to the city for the Property to \$1,200,000.

It is the intent of the Buyer to enter into a long-term lease contract with H.E. Butt Grocery Company (hereinafter referred to as "HEB"), to include the portion of the Property described as Lot 2 in the above property description along with approximately 4.28 acres contiguous to the southwest property line of the property and being a portion of Lot 1, Block 4, Anderson Ridge Subdivision, Phase Four in the City of college Station, Brazos County, Texas. Lot 3, which is the current water tower site, is to be held for future commercial development. HEB will use the above described lease property, approximately 7.33 acres, to construct a new business, more fully described in the enclosed Economic Development Plan. Buyer and HEB further agree to the following:

- (1) HEB's business will generate a minimum of 50 new jobs and a minimum capital investment of \$5 million.
- (2) Construction shall start within two (2) years of the date of closing or the Property shall revert to the City free and clear of any liens or encumbrances and City shall refund the purchase price less a penalty of five percent (5%) of the bid price.
- (3) Construction shall be completed 18 months after commencement.
- (4) The terms and conditions of buyer's bid proposal and Economic Development Plan shall be binding on buyer's successor-in-interest, heirs, and assigns.
- (5) Buyer will convey the Exchange Property to the City by general warranty deed at closing.

The Exchange Property (see enclosed survey) meets the City's requirements as follow:

- (1) Has access to two paved streets, Holleman Dr. and Park Place.
- (2) Is within the city limits of the City of College Station.

- (3) Is within 1,000 feet of the existing water tower site.
- (4) Consists of approximately 78,718 square feet, which exceeds the minimum size of 50,625 square feet (225 ft. x 225 ft) required by the City.
- (5) Most of the exchange Property varies in elevation from 308 ft. to 312 plus ft., which meets or exceeds the City's required minimum site elevation of 308 feet above sea level


Payment terms will be as follows:

At closing:	General warranty deed for Exchange Property valued at \$5.75 per square foot	\$452,624
	Cash	504,256
	Bank letter of credit guaranteeing payment For the existing water tower site (.775 acres) (.775/3.825 x \$1.1 million)	<u>243,120</u>
	Total	<u>\$1,200,000</u>

Upon delivery by City to Buyer the general
warranty deed for the water tower site:

Cash	<u>\$ 243,120</u>
City would at this time release above referenced letter of credit	

Buyer's offer to purchase under the above terms is contingent upon obtaining rezoning to C-1 Zoning for Lots 2 and 3 and the remainder of Lot 1 after subtracting the Exchange Property.



James H. Hughes
General Partner
Montana Microgroove Associates

**H. E. BUTT GROCERY COMPANY**

February 28, 2000

City of College Station
BID #00-23
Department of Economic and
Community Development
1101 Texas Ave.
College Station, TX 77842

TO WHOM IT MAY CONCERN:

Letter of Intent and Economic Development Plan and Project Description

Attached is a copy of our proposed site plan reflecting our 76,887 square foot store. The improvement value of the proposed construction will exceed five million dollars (\$5,000,000.00) and our store will employ in excess of fifty new jobs as required under the bid proposal.

H.E. Butt Grocery Company intends to ground lease this property from Montana Microgroove & Associates for the construction of a 76,887 square foot store. The new store, to replace our existing Pantry Store on the southwest corner of Texas and Holleman, will be a new format for H.E.B. This format will be a hybrid of our Food and Drug Store and Central Market with Pantry prices. I have enclosed a video of our Central Market store to give you a flavor of our operation.

This bid by our proposed landlord, is subject to:

1. The rezoning of Lots 1,2,3 to C-1 to permit this development, as reflected on the site plan, including all curb cuts and driveways.
2. The rezoning a portion of Lot 1 (exchange property) to permit the City construction of a water tower.

Thank you for this opportunity. Feel free to contact us if you have any questions.

Sincerely,

David E. Kayle
Director of Real Estate

/bw
Attachments

**METES AND BOUNDS DESCRIPTION
OF A
1.8071 ACRE TRACT
PART OF LOT 1, BLOCK 4
ANDERSON RIDGE SUBDIVISION, PHASE FOUR
COLLEGE STATION, BRAZOS COUNTY, TEXAS**

METES AND BOUNDS DESCRIPTION OF ALL THAT CERTAIN TRACT OF LAND LYING AND BEING SITUATED IN COLLEGE STATION, BRAZOS COUNTY, TEXAS. SAID TRACT BEING A PART OF LOT 1, BLOCK 4, ANDERSON RIDGE SUBDIVISION, PHASE FOUR, ACCORDING TO THE PLAT RECORDED IN VOLUME 795, PAGE 257 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS.

SAID TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD FOUND ON THE SOUTHEAST RIGHT-OF-WAY LINE OF PARK PLACE MARKING THE WEST CORNER OF SAID LOT 1, FOR REFERENCE A BOLT FOUND MARKING AN ANGLE POINT IN THE SOUTHERLY LINE OF PARK PLACE AND THE NORTHEAST CORNER OF LOT 4, BLOCK 1, ANDERSON RIDGE SUBDIVISION, SECTION TWO, ACCORDING TO THE PLAT RECORDED IN VOLUME 392, PAGE 789 OF THE DEED RECORDS OF BRAZOS COUNTY, TEXAS, BEARS: S 68° 50' 40" W FOR A DISTANCE OF 2.85 FEET;

THENCE: N 68° 50' 40" E ALONG THE SOUTHEAST LINE OF PARK PLACE, SAME BEING THE NORTHWEST LINE OF SAID LOT 1, FOR A DISTANCE OF 232.66 FEET TO A 5/8 INCH IRON ROD SET MARKING THE NORTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT;

THENCE: S 22° 17' 18" E THROUGH SAID LOT 1 FOR A DISTANCE OF 469.69 FEET TO A 5/8 INCH IRON ROD SET MARKING AN ANGLE POINT IN THE EAST LINE OF THIS HEREIN DESCRIBED TRACT;

THENCE: S 38° 07' 43" E CONTINUING THROUGH SAID LOT 1 FOR A DISTANCE OF 75.07 FEET TO A 5/8 INCH IRON ROD SET ON THE NORTHWEST RIGHT-OF-WAY LINE OF HOLLEMAN DRIVE (60' R.O.W.) MARKING THE SOUTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT, SAID IRON ROD SET BEING IN A COUNTERCLOCKWISE CURVE HAVING A RADIUS OF 543.30 FEET, FOR REFERENCE A 5/8 INCH IRON ROD SET MARKING THE ENDING POINT OF SAID CURVE BEARS A CHORD OF: N 59° 53' 24" E - 151.58 FEET FROM WHICH A 1/2 INCH IRON ROD FOUND MARKING THE NORTHEAST CORNER OF LOT 6, BLOCK 4, ANDERSON RIDGE SUBDIVISION, PHASE FOUR, BEARS: N 67° 54' 31" E FOR A DISTANCE OF 677.19 FEET;

THENCE: ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 07° 15' 03" FOR AN

ARC DISTANCE OF 68.76 FEET (CHORD BEARS: S 48° 14' 45" W - 68.71) TO A 5/8 INCH IRON ROD SET MARKING THE SOUTH CORNER OF SAID LOT 1;

THENCE: N 40° 35' 22". W ALONG THE SOUTHWEST LINE OF SAID LOT 1 FOR A DISTANCE OF 599.74 FEET TO THE POINT OF BEGINNING CONTAINING 1.8071 ACRES OF LAND MORE OR LESS AS SURVEYED ON THE GROUND FEBRUARY, 2000. SEE PLAT PREPARED FEBRUARY, 2000, FOR MORE DESCRIPTIVE INFORMATION. BEARING SHOWN HEREIN IS BASED ON THE PLAT CALL BEARING OF ANDERSON RIDGE SUBDIVISION, PHASE FOUR, 795/257.

BRAD KERR
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4502

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BROAD KEEN
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4502

